

1 and, therefore, you knew there was discussion about it.

2 A Again, because he had worked for Mr. Hicks for
3 some time. It wasn't a surprise to Mr. Hicks that these
4 documents occurred, that Phil became the program director of
5 his radio station. That was not a surprise. He was aware of
6 that.

7 Q Well, the question is was Mr. Hicks aware that he
8 was paying for somebody who was apparently not spending much
9 time at the station?

10 A Yes, he would have been.

11 Q How would he have been aware of that?

12 A Just in discussion. Just in --

13 Q But you do not remember a specific discussion?

14 A No, I don't.

15 Q You did not get his approval in advance to do
16 that?

17 A No. Because of the situation, I did not.

18 Q Now if you will look at Mass Media Bureau Exhibit
19 73, which is in Volume 3 right after the one we just
20 discussed?

21 Page 1 is a personnel record for Mr. Marvin Dale
22 Reist. Is that correct?

23 A I'm sorry. On my copy I don't see his name on
24 here.

25 Q It is at the very bottom.

1 A Oh, I see it at the very bottom. That's correct.

2 Q Yes.

3 A Yes.

4 Q Now, this indicates that he was a news man for
5 WTRC until April 1, 1994, when he became news director of
6 WRBR. Is that correct?

7 A That is correct.

8 Q Now if you will turn to page 2, a personnel change
9 report relating to Mr. Reist? Do you recognize this
10 document?

11 A I do. This is my handwriting.

12 Q This is your handwriting. This reflects Mr.
13 Reist's termination? Is that correct?

14 A That's correct.

15 Q The reason being?

16 A The position was eliminated.

17 Q This was when the news was shifted to a news
18 director for all three stations? Is that correct?

19 A This occurred in May of 1994.

20 JUDGE CHACHKIN: Did you answer counsel's
21 question?

22 THE WITNESS: Yes. I believe it occurred at the
23 same time; that this person was not needed.

24 BY MR. BOYCE:

25 Q If you would look at page 3? Do you recognize

1 this document?

2 A I do.

3 Q That is your signature on it? Is that correct?

4 A That's correct.

5 Q Now if you would look at page 4? Do you recognize
6 that document concerning Dawn Hatfield?

7 A I do.

8 Q This is not signed. Did you prepare this?

9 A No, I did not.

10 Q Do you have any idea who did?

11 A No. I assume it was done in the bookkeeping
12 department.

13 Q Do you have an understanding as to what the
14 payroll expense allocation indicates?

15 A Yes. This again occurred in mid May, and at that
16 time the expense was allocated 40 percent to I believe
17 that's WTRC. That codification 37, I believe that stands
18 for WTRC.

19 The part that is mine is the 30 percent and the 30
20 percent for WLTA and WRBR. I was paying collectively 60
21 percent of her compensation.

22 Q If you would look at page 5, which I believe is a
23 memorandum from Richard Rhodes? He would have been the
24 general manager of WTRC?

25 A That's right.

1 Q Reflecting that allocation, and he indicates,
2 "Steve Kline and I have agreed to this split." Is that
3 correct?

4 A That's correct.

5 Q Now if you would look at page 6? This is a
6 personnel change report. Is that your signature?

7 A It is.

8 Q Do you have an understanding of the significance
9 of this document?

10 A On my copy I cannot read the date.

11 Q I believe it is 10-21-93.

12 A This is a document that was prepared by Keith
13 Wright, who was the program director at the radio station.
14 He was short term. He was gone two weeks after I got there,
15 so this had to be during my first two weeks of employment.

16 He initiated that document for an employee, Ann --
17 I can't read the last name -- who started to work on that
18 date, 10-21-93.

19 Q I believe the employee, Ann, was being replaced.
20 I think the employee name is again Dawn Hatfield, I believe.

21 A At the very top. Yes, you're correct.

22 Q Okay. If you could turn to page 7 of this
23 exhibit?

24 JUDGE CHACHKIN: Let's take a ten minute break.

25 MR. BOYCE: Thank you, Judge.

1 (Whereupon, a short recess was taken.)

2 JUDGE CHACHKIN: Back on the record.

3 BY MR. BOYCE:

4 Q Mr. Kline, would you look at page 7 of Exhibit 73,
5 please?

6 A Yes.

7 Q This is a personnel record for Thomas G. Rogers?
8 Is that correct?

9 A That's correct.

10 Q I think we have identified all the codes except
11 there is one on the third column down that says 265. Should
12 that be 365?

13 A I'm sorry. Where are we looking?

14 Q On the third column that says Date, Date, Date,
15 which lists his positions.

16 A Yes. On the right-hand side of the page?

17 Q Right, and in the middle of the third position it
18 says 33 percent, 265:50.

19 A Yes. The question is is that a two or a three?

20 Q Is that correct, or should it be --

21 A I think it's a three. That is a typographical
22 error.

23 Q Now if you will look at page 8? Are you familiar
24 with this document?

25 A I know what the document is. I didn't originate

1 it.

2 Q Do you know who did? Can you recognize any of
3 the --

4 A I think that is Richard Rhodes, general manager,
5 WTRC.

6 Q Do you recall whether you had discussions with him
7 concerning the payroll allocations made on this form?

8 A Yes, we did.

9 Q And that correctly states what they are, one-third
10 each?

11 A Yes. Correct.

12 Q If you will look at page 9? This also, I believe,
13 is not signed by you. It indicates that effective 3-16-98,
14 Mr. Rogers was allocated 100 percent to WTRC. Are you
15 familiar with that event?

16 A I'm not with that particular event. Again, I did
17 not originate this form.

18 Q Did there come a time when Mr. Rogers ceased to be
19 the news director for WBYT and WRBR?

20 A That's what's puzzling as I look at these forms.
21 My recollection is on 3-16-98, as identified on Document 7,
22 page 7, Mr. Rogers resigned and was not employed.

23 Q I believe up at the top it indicates that the
24 termination was April 3, 1998.

25 A Yes. I see that.

1 Q So possibly he was --

2 A Two weeks.

3 Q -- reallocated for the last two weeks of his
4 employment. Is that what this might suggest?

5 A That's what page 9 does suggest, as indicated by
6 the handwritten note at the bottom.

7 Q Now if you would turn to Mass Media Bureau Exhibit
8 87, which is in the same volume, which should start off with
9 a personnel report for Gregory Hicks --

10 A I have that, yes.

11 Q -- as page 1 of the exhibit? Do you recognize
12 that document?

13 A Again, it's an internal to Pat Schneider in the
14 payroll department.

15 JUDGE CHACHKIN: I am just wondering. Can we not
16 stipulate that the records show what they show and they are
17 accurate, or is there any dispute over all this?

18 MR. GUZMAN: No objection from Pathfinder, Your
19 Honor.

20 MR. HALL: None from Hicks Broadcasting either,
21 Your Honor.

22 JUDGE CHACHKIN: Why do we not just stipulate
23 about these records? The records show what they show.
24 There is no dispute. You do not have to go through all
25 this, I mean, as far as personnel records show --

1 MR. BOYCE: That is fine with us, Your Honor.

2 JUDGE CHACHKIN: Let's offer the exhibits. There
3 is no objection.

4 MR. BOYCE: Very well, Your Honor. I will start
5 back at 72 and offer Exhibit 72, which concerns Mr. Miholer/
6 Phil Britten, and I would offer Exhibit 72.

7 JUDGE CHACHKIN: Why do you not say all the
8 exhibits, and then I will ask the parties if there is any
9 objection? There is no objection to any of this material.

10 MR. BOYCE: We have several exhibits that we have
11 not yet gotten to concerning personnel records.

12 JUDGE CHACHKIN: If it is similar in kind, why do
13 you not just offer all of them? We can receive them all.

14 MR. BOYCE: Okay.

15 MR. GUZMAN: Your Honor, we are okay with that. I
16 will note, though, that some of these are composite exhibits
17 so it is worth probably doing it tab by tab just to make
18 sure.

19 JUDGE CHACHKIN: All right. He has offered 72.
20 Any objection to 72?

21 MR. GUZMAN: No. No, sir.

22 JUDGE CHACHKIN: Your Exhibit 72 is received.

23

24

25

1 (The document referred to,
2 having been previously marked
3 for identification as Mass
4 Media Bureau Exhibit No. 72,
5 was received in evidence.)

6 MR. BOYCE: The next one is 73.

7 JUDGE CHACHKIN: All right. With respect to the
8 Bureau exhibit which the Bureau has identified as Bureau
9 Exhibit 72, any objection to its receipt?

10 MR. GUZMAN: No, sir.

11 MR. HALL: No, Your Honor.

12 JUDGE CHACHKIN: The exhibit is received.

13 (The document referred to,
14 having been previously marked
15 for identification as Mass
16 Media Bureau Exhibit No. 73,
17 was received in evidence.)

18 MR. BOYCE: The next one is 87.

19 JUDGE CHACHKIN: All right. The exhibit is
20 identified as employment information concerning Gregory
21 Hicks. Any objection to its receipt?

22 MR. GUZMAN: No, Your Honor.

23 MR. HALL: No, Your Honor.

24 JUDGE CHACHKIN: The exhibit is received.

25

1 (The document referred to,
2 having been previously marked
3 for identification as Mass
4 Media Bureau Exhibit No. 87,
5 was received in evidence.)

6 MR. BOYCE: The next one is Mass Media Bureau
7 Exhibit 88.

8 JUDGE CHACHKIN: All right. The document is
9 described as employment information concerning Michelle
10 Poepe, P-O-E-P-P-E. Any objection to its receipt?

11 MR. GUZMAN: No, Your Honor.

12 MR. HALL: No, Your Honor.

13 JUDGE CHACHKIN: The exhibit is received.

14 (The document referred to,
15 having been previously marked
16 for identification as Mass
17 Media Bureau Exhibit No. 88,
18 was received in evidence.)

19 MR. BOYCE: The next one is Mass Media Bureau
20 Exhibit 89, and in some of these exhibits, including this
21 one, the first name you will see is David Majenski, I
22 believe, but there are other people in the exhibit, records
23 concerning other employees.

24 JUDGE CHACHKIN: In addition to Majenski and
25 Turner?

1 MR. BOYCE: Pardon?

2 JUDGE CHACHKIN: Majenski and Turner.

3 MR. BOYCE: Yes.

4 JUDGE CHACHKIN: Any objection to the employment
5 information set forth in Bureau Exhibit 89?

6 MR. GUZMAN: Just a moment, Your Honor.

7 JUDGE CHACHKIN: All right.

8 (Pause.)

9 MR. GUZMAN: Your Honor, this appears to be his
10 entire personnel file. We do not object to the first five
11 pages of that, which are the same type of documents we have
12 been discussing in the other exhibits. We do object at this
13 time to the introduction of pages 6 through 11.

14 JUDGE CHACHKIN: What pages?

15 MR. GUZMAN: Page 6 through 11.

16 JUDGE CHACHKIN: All right. Pages 1 through 5
17 will be received. I will withhold a ruling on pages 6
18 through 11 until the Bureau develops it.

19 (The document referred to,
20 having been previously marked
21 for identification as Mass
22 Media Bureau Exhibit No. 89,
23 pages 1 through 5, was
24 received in evidence.)

25 MR. BOYCE: The next exhibit is Mass Media Bureau

1 91, which is Kenneth Hull.

2 JUDGE CHACHKIN: What about David Hicks?

3 MR. BOYCE: Well, I believe there is one for David
4 Hicks. Mr. Kline was not involved in that.

5 JUDGE CHACHKIN: Well, it does not matter if there
6 is not an objection.

7 MR. BOYCE: Well, then we can put 90 on the table.

8 JUDGE CHACHKIN: All right. 90 relates to
9 employment information concerning David Hicks. Any
10 objection?

11 MR. GUZMAN: Yes, there is, Your Honor.

12 JUDGE CHACHKIN: All right. I will withhold
13 ruling on that then.

14 91 is the next one?

15 MR. BOYCE: Yes. Mr. Kenneth Hull.

16 JUDGE CHACHKIN: Any objection to that exhibit?

17 MR. GUZMAN: No, sir.

18 MR. HALL: No, Your Honor.

19 JUDGE CHACHKIN: All right. Bureau Exhibit 91 is
20 received.

21 (The document referred to,
22 having been previously marked
23 for identification as Mass
24 Media Bureau Exhibit No. 91,
25 was received in evidence.)

1 MR. BOYCE: The next exhibit is Mass Media Bureau
2 Exhibit 92, which is Michelle Santiago, Wanda Taylor, Ann
3 Victoria Witten and Annette Kline.

4 JUDGE CHACHKIN: Any objection to its receipt?

5 MR. GUZMAN: None, Your Honor.

6 MR. HALL: No, Your Honor.

7 JUDGE CHACHKIN: Bureau Exhibit 92 is received.

8 (The document referred to,
9 having been previously marked
10 for identification as Mass
11 Media Bureau Exhibit No. 92,
12 was received in evidence.)

13 MR. BOYCE: The next one is Mass Media Bureau
14 Exhibit 93, which is employment information for Ned Swanson
15 and Bradley Williams.

16 JUDGE CHACHKIN: Any objection to its receipt?

17 MR. GUZMAN: No, Your Honor.

18 MR. HALL: No, Your Honor.

19 JUDGE CHACHKIN: Bureau Exhibit 93 is received.

20 (The document referred to,
21 having been previously marked
22 for identification as Mass
23 Media Bureau Exhibit No. 93,
24 was received in evidence.)

25 MR. BOYCE: The next one is Mass Media Bureau

1 Exhibit 94, which is employment information for Mr. Paul
2 S-Z-R-O-M and several other people.

3 JUDGE CHACHKIN: Any objection to its receipt?

4 MR. GUZMAN: One moment, Your Honor. Let me make
5 sure I go through the entire thing.

6 (Pause.)

7 MR. GUZMAN: No objection, Your Honor.

8 JUDGE CHACHKIN: Bureau Exhibit 94 is received.

9 (The document referred to,
10 having been previously marked
11 for identification as Mass
12 Media Bureau Exhibit No. 94,
13 was received in evidence.)

14 MR. BOYCE: The next one is Mass Media Bureau
15 Exhibit 95, which is employment information concerning
16 Benjamin Pedaman and Cindy Weiss.

17 JUDGE CHACHKIN: Any objection to its receipt?

18 MR. GUZMAN: No, Your Honor.

19 MR. HALL: No, Your Honor.

20 JUDGE CHACHKIN: Bureau Exhibit 95 is received.

21 (The document referred to,
22 having been previously marked
23 for identification as Mass
24 Media Bureau Exhibit No. 95,
25 was received in evidence.)

1 MR. BOYCE: The next one is Bureau Exhibit 96,
2 which is employment information for Joseph Goldbock.

3 JUDGE CHACHKIN: Any objection to its receipt?

4 MR. GUZMAN: No, Your Honor.

5 MR. HALL: No, Your Honor.

6 JUDGE CHACHKIN: Bureau Exhibit 96 is received.

7 (The document referred to,
8 having been previously marked
9 for identification as Mass
10 Media Bureau Exhibit No. 96,
11 was received in evidence.)

12 BY MR. BOYCE:

13 Q Now if you could refer back to Exhibit 89, Mr.
14 Kline, on page 3 concerning Mr. Vincent Turner? On the
15 right-hand side of the page where it lists the jobs it
16 indicates on the fourth job, 7-4-94, that Mr. Turner was the
17 sports director for WTRC, WBYT and WRBR.

18 If I recall correctly, 15 percent of that is
19 allocated to WBYT and 15 percent to WRBR. Is that correct?

20 A That's correct.

21 Q What did Mr. Turner do as sports director for WBYT
22 and WRBR?

23 A He prepared and broadcast sports capsules in
24 Morning Drive on each radio station.

25 Q And he worked primarily for WTRC?

1 A Yes. They do play by play sports, and his -- he
2 did play by play sports for WTRC, which involved more of his
3 time than it did for us.

4 Q Now, the next entry for January 1, 1998, indicates
5 that the allocation was changed. Do I understand it
6 correctly now that each station, WBYT and WRBR, are each
7 paying 33 percent of his salary?

8 A That's correct.

9 Q Did his duties change? Why was the allocation
10 changed?

11 A The salability of the product that he delivered to
12 us. His duties did not change. It was creating revenue
13 because we sold sponsorships of the sportscasts. They
14 became more popular. His role with us became more important
15 and less at WTRC.

16 Q Who made the decision to change that allocation?

17 A I would have had a conversation with Dick Rhodes,
18 general manager of WTRC, regarding that change report. We
19 would have agreed to the new split.

20 Q Now if you would look at Mass Media Bureau Exhibit
21 94, page 1, which is a personnel report for Mr. Paul R.
22 Szrom.

23 A Szrom.

24 Q Szrom, S-Z-R-O-M. In the list of jobs on the
25 right-hand side of the page it indicates that he became an

1 account executive for WBYT and WRBR on September 1, 1996,
2 with a distribution of 60 percent I believe that is WBYT and
3 40 percent I believe that is WRBR. Is that correct?

4 A That's correct.

5 Q I believe you testified that separate sales staffs
6 were established as of July of 1995. How is it that he
7 apparently is working for both stations as of September of
8 1996?

9 A At that time, and I don't know -- perhaps I should
10 -- the terms of the joint sales agreement, but I assume
11 those terms and conditions would be a part of that.
12 Effective July 1, 1995, Mr. Szrom was selling only WBYT.

13 Q Do you have an understanding then as to why WRBR
14 was paying a portion of his salary as of September 1, 1996?

15 A No, I do not.

16 Q Before the September 1, 1996, entry, there is an
17 entry from 8-31-92 which reflects at that time that he was
18 working for Radio One, which is the joint sales agreement,
19 and being paid 50/50. Is that correct?

20 A Again, this occurred before my time there, but
21 that's what that indicates.

22 Q Do you know why it would have been changed from
23 50/50 to 60/40 in 1996?

24 A No.

25 Q Would you look at page 3 of the exhibit? This

1 appears to be the personnel change report for the 60/40. It
2 is not signed. Can you determine who authored that or
3 initiated that?

4 A No, I cannot tell from this. It's not my
5 handwriting.

6 Q Not your handwriting. Are there persons other
7 than you who can determine these allocations?

8 A I don't know the terms of the joint sales
9 agreement. In the day to day operation of the radio station
10 and the sales departments of those radio stations, the
11 specific split of that expense in sales, and because it is
12 sales, I'm not aware of why it would be on this date that
13 way. I don't know the terms of the JSA.

14 Q Is there someone who allocates salary splits based
15 on the JSA other than you, to your knowledge?

16 A I'm not aware. I don't know the terms of the JSA.

17 JUDGE CHACHKIN: When you took over in September
18 of 1993 as was it general manager of Radio One?

19 THE WITNESS: That's correct.

20 JUDGE CHACHKIN: What were your duties?

21 THE WITNESS: To maximize the sales of those two
22 radio stations. The expense of those two radio sales
23 operations I was not concerned with as much as I was to
24 create revenue. I was not aware of that document. I mean,
25 I'm aware of it, but I'm not familiar with that document.

1 JUDGE CHACHKIN: What were you told about Radio
2 One?

3 THE WITNESS: That it was just a name of these two
4 sales staffs of WRBR and WBYT. It was a division. It was a
5 department of sales for both radio stations. That's all I
6 was aware of.

7 JUDGE CHACHKIN: How long did it remain that?

8 THE WITNESS: I assume that it still does today.

9 JUDGE CHACHKIN: What do you mean, you assume?
10 Are you not still in charge of Radio One or whatever name it
11 has now?

12 THE WITNESS: I'm in charge of the sales
13 operation. Yes, Judge.

14 JUDGE CHACHKIN: Is there still a joint sales
15 staff under Radio One or whatever it is called now?

16 THE WITNESS: Yes.

17 JUDGE CHACHKIN: In addition to the joint sales
18 staff, there are separate sales staffs for each station,
19 WRBR and --

20 THE WITNESS: There's only -- there is no joint
21 sales staff today. There are two separate sales staffs.

22 JUDGE CHACHKIN: When was the joint sales staff
23 abandoned?

24 THE WITNESS: July 1, 1995.

25 JUDGE CHACHKIN: Who was responsible for making

1 that change?

2 THE WITNESS: I was.

3 JUDGE CHACHKIN: Did you consult with Mr. Dille or
4 anyone else before you made this change?

5 THE WITNESS: Yes. There was a lot of preparation
6 time during the first half of 1995 when both owners were
7 consulted that it would be in their best interest, and that
8 being additional revenue, I felt, to create two sales
9 staffs.

10 BY MR. BOYCE:

11 Q If you would look at page 12 of Exhibit 94? This
12 is a personnel change report for Mr. Amos Williams, which
13 indicates that he is a marketing representative. Is that
14 the same as a salesperson?

15 A Yes, it is.

16 Q It is dated September 21, 1995, and it has a
17 payroll allocation that appears to be 50 percent for WBYT
18 and 50 percent for WRBR. If I am correct, this is signed by
19 you, is it not?

20 A That is correct.

21 Q Again, if there were separate sales staffs since
22 July of 1995, how is it that Mr. Williams' salary is
23 allocated 50/50 in September of 1995?

24 A Again, whatever the terms were for representatives
25 of the joint sales agreement. This would have been covered,

1 I assume, in that. Mr. Williams' responsibilities were only
2 to WRBR.

3 Q But this was approved by you?

4 A That's correct.

5 Q What was the basis of your dividing the payroll
6 expense allocation?

7 A During 1995, I allocated the expenses equally in
8 sales to both owners, and that's what --

9 Q Evenly?

10 A Evenly. That's what is indicated by this 50
11 percent split.

12 Q So even though you initiated a separate sales
13 staff in July for the rest of 1995, all of the sales
14 employees were allocated equally to both stations?

15 A That's correct.

16 Q What was the reason for continuing to allocate the
17 payroll expense, even though there were then separate sales
18 staffs for the rest of that year?

19 A Again, only because of the terms of the JSA.

20 Q Did that change as of January 1, 1996?

21 A I don't know the terms of the JSA. At the time of
22 this Document 12 regarding Amos Williams, 9-21-95, there
23 were two separate sales staffs. Mr. Williams was a
24 representative only for WRBR. His expense was allocated
25 also to Pathfinder.

1 Q Did somebody tell you to continue allocating the
2 expenses 50 percent to each station after July 1, 1995? Did
3 someone tell you that that is the way it should be done?

4 A It would have occurred prior to that. It would
5 have occurred during budget meetings in late 1994 for 1995.
6 The fact that there was an activity on July 1, 1995, had no
7 bearing on the allocation of expenses.

8 Q Well, this one that I referred to was done in
9 September.

10 A Uh-huh.

11 Q Now, did somebody tell you that even though this
12 individual was now working for only one station, his
13 expenses should be allocated to both?

14 A Not at that time.

15 Q So what was the basis that you made that
16 allocation?

17 A In late 1994, sales expenses I was told for 1995,
18 which would include this date, were to be allocated 50/50.

19 Q Who told you that?

20 A I was just informed by the bookkeeping department.

21 Q By Mr. Watson?

22 A Yes.

23 Q Did he personally tell you that?

24 A That would have occurred at a budget review that
25 we do in November, and that would have occurred in 1994,

1 November.

2 JUDGE CHACHKIN: Were you given any reason why you
3 should make this allocation?

4 THE WITNESS: Again, and perhaps it's wrong, but I
5 just assumed that those are terms of the joint sales
6 agreement. Again, that was a step above me. I did not -- I
7 was not aware of those terms.

8 JUDGE CHACHKIN: And you were given no reasons for
9 making this allocation?

10 THE WITNESS: That's correct.

11 JUDGE CHACHKIN: Mr. Watson was aware, however,
12 that there were separate sales staffs?

13 THE WITNESS: In July of 1995, yes. He would not
14 have been in late 1994.

15 BY MR. BOYCE:

16 Q Did he or anyone tell you after July of 1995 that
17 you should continue to make allocations based upon what had
18 been decided based on the facts as they stood in late 1994?

19 A There was no change to what had been told to me in
20 1994.

21 Q Did you change in 1996 to start allocating only to
22 the station where they worked?

23 A I don't remember. We would have to look at
24 specific employment activity at that time to know what the
25 allocation was.

1 I know that in 1997 the strength of the sales was
2 that the expenses, the unique expenses to each radio
3 station, would be coded to each radio station. That
4 occurred in 1997.

5 Q So prior to that you had no real guidance as to
6 how to allocate the salaries?

7 A That's correct.

8 JUDGE CHACHKIN: Were you responsible for
9 allocating revenue under the joint sales agreement?

10 THE WITNESS: Yes. I generated the revenue
11 expense or the revenue projections under the joint for both
12 radio stations. Correct.

13 JUDGE CHACHKIN: Did you allocate portions for
14 each radio station pursuant to the agreement?

15 THE WITNESS: No. Each station was treated in a
16 revenue sense on its strengths. I mean, the spots that ran
17 on WBYT was WBYT revenue. The spots that ran on WRBR would
18 be WRBR revenue. There was no allocation of revenue other
19 than where it occurred.

20 JUDGE CHACHKIN: When you did this, what did you
21 follow? Were you told to allocate revenue in this manner or
22 what, or you just did this on your own?

23 THE WITNESS: In late again October of any year we
24 prepare the revenue budget for the following year, and we
25 prepare a revenue budget or quota or goal for each radio

1 station. That revenue only counts one place. It counts on
2 the station where it runs.

3 JUDGE CHACHKIN: Who participated in the
4 preparation of this projected revenue budget?

5 THE WITNESS: Sales staff and a sales consultant,
6 the general sales manager and myself.

7 JUDGE CHACHKIN: Was Mr. Watson involved on this?

8 THE WITNESS: No.

9 JUDGE CHACHKIN: Was Mr. Dille involved or Mr.
10 Hicks involved?

11 THE WITNESS: No.

12 JUDGE CHACHKIN: Did you submit these documents to
13 management above you?

14 THE WITNESS: At that time, no.

15 JUDGE CHACHKIN: What do you mean, at that time?
16 At what point did you submit such material to upper
17 management?

18 THE WITNESS: Later in the year. Again, the first
19 thing that happens was the projections on revenue, and the
20 second step on a different day at a different location, an
21 estimate of expenses, and then a third thing is capital
22 expense request, and all of that creates a budget revenue
23 and expense that is in place and ready to go by the first of
24 the year.

25 So sometime probably not in October or November,

1 but sometime in December every year is the first time that
2 an owner would be looking at those reports, those
3 projections.

4 JUDGE CHACHKIN: Are you aware of the fact that
5 under the joint sales agreement there was supposed to be a
6 management committee that adopted annual budgets? Are you
7 aware of such a management committee?

8 THE WITNESS: No, I was not.

9 JUDGE CHACHKIN: You were not aware of the
10 existence of a management committee under the joint
11 agreement?

12 THE WITNESS: No, I was not.

13 JUDGE CHACHKIN: All right. You are not aware of
14 any meetings of this management committee?

15 THE WITNESS: No.

16 JUDGE CHACHKIN: Were you aware of who was to be
17 responsible for setting commissions?

18 THE WITNESS: It was the general sales manager and
19 myself.

20 JUDGE CHACHKIN: You were not told by Mr. Dille or
21 Mr. Hicks anything about a management committee which was
22 responsible for setting commission rates for local or
23 national sales?

24 THE WITNESS: No.

25 JUDGE CHACHKIN: Or the matter in which expenses

1 and revenue were to be shared?

2 THE WITNESS: I'm sorry?

3 JUDGE CHACHKIN: Were you given instruction on how
4 revenue and expenses under the joint agreement were to be
5 shared?

6 THE WITNESS: Well, revenue was not shared that
7 I'm aware of. I reported revenue figures unique to each
8 radio station based entirely on spots that ran on that radio
9 station.

10 I was aware of expenses late in the year for the
11 following year, and that's how I handled sales expense. It
12 was shared.

13 JUDGE CHACHKIN: All right.

14 BY MR. BOYCE:

15 Q Just to clarify the record as to the budget
16 process, I believe you testified earlier that the accounting
17 department was involved in the discussions concerning the
18 budget at some point. Is that correct?

19 A Revenue? No.

20 Q Preparing the station budget.

21 A The expense budget, yes.

22 Q The expense budget. That is Mr. Watson?

23 A And Mr. Adelman, yes.

24 Q And Mr. Adelman.

25 I believe you testified that in 1997 the